

**EAERE SPECIAL SESSION
POLICY AND ACADEMIA:
BRIDGING THE GAP**

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“98% of economists believe that the least expensive way to slow climate change is to put a price on carbon emissions through a cap-and-trade system or tax.”

Michael Greenstone, January 23, 2019

Example: Tirole-Gollier Appeal for a universal carbon price before the COP-21

- Immediate application of ECON-101 taught by all of us!
- But still, many prominent French economists went against us:

« L'idée stupide de notre prix Nobel » (Charlie Hebdo)

« Un Nobel d'économie peut-il raisonner comme un abruti ? » (L'Humanité)

« Un accord sur le climat utile à Paris, mais sans les théoriciens » (Le Monde)

« Le climat ne se réduit pas à un prix » (Le Monde)

- March 2019: A vast majority (74%) in France is against the carbon tax.

A general point

- Economists like to disagree with each others.
 - Good economists recognize the limits of their models.
 - Everyone can call him/herself an economist.
 - Many climatologists don't take us seriously.
 - Politicians and the media take advantage of this to ignore economics.
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- A vast majority in our profession agrees on using price signals to restore efficiencies generated by environmental externalities...
 - ... and still the price instrument is almost never used.
 - Lobbies (and yellow vests) vastly prefer subsidies.

Why are we so bad in influencing policies?

- European universities do not value much contributions to the public debate.
 - Weak (or no) scientific communication service;
 - Negative differential incentives for researchers to contribute;
 - Ivory-tower effect. (Florens' effect)
- Transforming scientific knowledge into policy recommendation requires specific skills and assets:
 - Time to read the media and minority reports; aggregate information;
 - Cook the meal: op-eds, policy reports, book writing;
 - Attract attention;
 - Be ready to fight, be exposed.
- Economics is a combat sport! This is fun and soul-reinforcing.

The practice of environmental policy evaluation

- In many European countries:
 - Very limited evaluation culture.
 - No independent evaluation body. Evaluations are made by stakeholders!
 - No price for non-market impacts (life, CO₂, ...).
 - Inefficient discounting system.
- Politicians do not like policy evaluators.
- What should we do?
 - Call for establishing an independent institution for policy evaluation;
 - In the absence of this, let's the politicians pay the cost of their bad policies:
 - Strong negative advertisement of catastrophic policies...